



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600

MANHATTAN U.S. ATTORNEY CHARGES PONZI SCHEMER
WHO PREYED ON IMMIGRANTS

PREET BHARARA, the United States Attorney for the Southern District of New York, and RONALD J. VERROCHIO, the Inspector-in-Charge of the New York Office of the United States Postal Inspection Service ("USPIS"), announced that RAZEL CANEDO, a/k/a "Razel Torres," a/k/a "Razel Agravante," was arrested on charges of running a million-dollar Ponzi scheme that targeted the Filipino immigrant community in New York City. CANEDO was arrested Friday afternoon in Atlantic City, New Jersey, and is expected to appear in Manhattan federal court later today.

According to the Indictment filed in Manhattan federal court:

From January 2003 to July 2008, CANEDO solicited investments from members of the Filipino community in the New York City area, by representing that the funds would be invested in one of two companies that she owned -- Lady of Lourdes and K&K Nannies. CANEDO told investors that they would earn a return on their investment of anywhere from three percent per month to 50 percent per year. CANEDO told victims that the money invested in Lady of Lourdes would be used to pay for training, immigration expenses, and placement services for nurses from the Phillipines who wanted to work in the United States, and that the money invested in K&K Nannies would be used to pay for similar services for aspiring nannies. CANEDO also represented to the investors that they could withdraw their principal at any time with no losses.

CANEDO presented checks and promissory notes to investors which she claimed could be cashed at any time to recoup their original investment. In many instances, when investors attempted to cash the checks, they bounced. When questioned by those investors, CANEDO assured them that they would be paid, gave them various excuses for why the checks had bounced, and sometimes instructed them to cash the checks at a later date.

CANEDO initially made a small number of payments, which she represented to be investment income or "interest" income, to some of the investors in order to induce them to keep their money with her, to invest additional funds, and to recruit other investors. In fact, these "interest" payments were simply made from the funds CANEDO received from other victims, to create the impression that the investments were generating returns. As with many Ponzi schemes, some investors received no payments at all from CANEDO. In fact, CANEDO did not invest the victims' money in Lady of Lourdes or K&K Nannies, but rather transferred the bulk of the money to overseas bank accounts, or deposited it into domestic accounts and withdrew it as cash.

CANEDO's fraudulent scheme cost dozens of victims a total of more than \$1 million.

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CANEDO, 41, is charged with one count of mail fraud and one count of wire fraud. If convicted on these charges, CANEDO faces a maximum sentence of 40 years in prison.

CANEDO is expected to be presented today before U.S. Magistrate Judge RONALD L. ELLIS. The case is assigned to United States District Judge BARBARA S. JONES.

Mr. BHARARA praised the investigative work of the USPIS in this case.

"Razel Canedo preyed on members of the Filipino-American community who invested their hard-earned money into what they later learned was merely Canedo's bank accounts. We will continue to work with our partners at the U.S. Postal Inspection Service to pursue financial fraud and vindicate its victims," said U.S. Attorney PREET BHARARA.

"Ponzi schemes often target religious or ethnic groups to defraud them of their hard earned money. Working with the U.S. Attorney's Office and the community, the Postal Inspectors will combat these frauds to protect everyone in our community from falling victim," said USPIS Inspector-in-Charge RONALD J. VERROCHIO.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorney SEETHA RAMACHANDRAN is in charge of this prosecution.

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